

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hayes Township	County Charlevoix
Fiscal Year End 06/30/06	Opinion Date 02/02/07	Date Audit Report Submitted to State 03/09/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

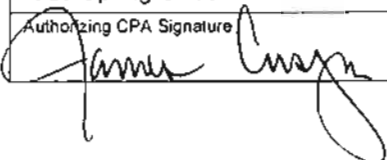
YES NO

Check each applicable box below. (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☒ ☐ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

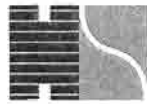
We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	N/A	
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Hill, Schroderus & Co., LLP		Telephone Number 231-347-4136	
Street Address 923 Spring Street		City Petoskey	State MI
Zip 49770			
Authorizing CPA Signature 	Printed Name James V. Cusenza, CPA	License Number 1101012888	

FINANCIAL REPORT
Hayes Township
June 30, 2006

HAYES TOWNSHIP
FINANCIAL REPORT
June 30, 2006

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	8-9
Fiduciary Funds:	
Statement of Fiduciary Net Assets	10
Notes to Financial Statements	11-17



Hill ♦ Schroderus & Co., LLP

Certified Public Accountants & Consultants

February 2, 2007

Independent Auditors' Report

Township Board
Hayes Township
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Hayes Township, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Hayes Township, as of June 30, 2006, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

HAYES TOWNSHIP
Statement of Net Assets
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current Assets	
Cash	\$ 723,033
Accounts receivable	544
Due from other governments	19,306
Due from fiduciary fund	<u>2,660</u>
Total current assets	<u>745,543</u>
Noncurrent Assets	
Capital assets	286,258
Less: accumulated depreciation	<u>(124,583)</u>
Total noncurrent assets	<u>161,675</u>
Total assets	<u><u>\$ 907,218</u></u>
 <u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable	<u>\$ 7,500</u>
Net Assets	
Investment in capital assets	161,675
Restricted:	
Road maintenance and repairs	154,704
Metro act expenditures	9,215
Unrestricted	<u>574,124</u>
Total net assets	<u>899,718</u>
Total liabilities and net assets	<u><u>\$ 907,218</u></u>

HAYES TOWNSHIP
Statement of Activities
Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ 97,924	\$ 4,585	\$ -	\$ (93,339)
Public safety	36,360	-	-	(36,360)
Public Works	58,710	-	-	(58,710)
Health and welfare	9,974	-	-	(9,974)
Community and Economic Development	40,580			(40,580)
Recreation and cultural	23,062	-	-	(23,062)
Unallocated	15,767	-	-	(15,767)
Depreciation (unallocated)	11,099	-	-	(11,099)
Total governmental activities	<u>\$ 293,476</u>	<u>\$ 4,585</u>	<u>\$ -</u>	<u>(288,891)</u>
General Revenues:				
Taxes:				
Property taxes				363,084
State shared revenues				138,690
Interest				19,126
Other				<u>10,948</u>
Total general revenues				<u>531,848</u>
Change in net assets				242,957
Net assets - beginning of year				<u>656,761</u>
Net assets - end of year				<u>\$ 899,718</u>

HAYES TOWNSHIP
Governmental Funds
Balance Sheet
June 30, 2006

	<u>General</u>
<u>Assets</u>	
Cash	\$ 723,033
Accounts Receivable	544
Due from other governments	19,306
Due from other funds	<u>2,660</u>
Total assets	<u><u>\$ 745,543</u></u>
<u>Liabilities and Fund Balances</u>	
Liabilities:	
Accounts payable	<u>\$ 7,500</u>
Total liabilities	<u>7,500</u>
Fund balances:	
Reserved for:	
Road maintenance and repairs	154,704
Metro act expenditures	9,215
Undesignated	<u>574,124</u>
Total fund balances	<u>738,043</u>
Total liabilities and fund balances	<u><u>\$ 745,543</u></u>

HAYES TOWNSHIP
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2006

Total Fund Balances - Governmental Funds	\$ 738,043
--	------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the governmental funds
balance sheet

Cost of capital assets	286,258
Accumulated depreciation	<u>(124,583)</u>

Total net assets - governmental activities	<u>\$ 899,718</u>
--	-------------------

HAYES TOWNSHIP
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006

	<u>General</u>
Revenues:	
Taxes	\$ 363,084
State revenue	138,690
Charges for service	4,585
Interest	19,126
Other	<u>10,948</u>
Total revenues	<u>536,433</u>
Expenditures:	
Current:	
General government	106,276
Public safety	36,360
Public works	58,710
Health and welfare	9,974
Community and Economic Development	40,580
Recreation and cultural	23,062
Unallocated	<u>15,767</u>
Total expenditures	<u>290,729</u>
Net change in fund balance	245,704
Fund balances - beginning of year	<u>492,339</u>
Fund balances - end of year	<u><u>\$ 738,043</u></u>

HAYES TOWNSHIP
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ 245,704
--	------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which depreciation exceeds capital outlays
expense in the period.

(2,747)

Change in net assets - governmental activities

\$ 242,957

HAYES TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Taxes	\$ 327,424	\$ 327,424	\$ 363,084	\$ 35,660
State revenue	130,000	130,000	138,690	8,690
Charges for services	14,800	14,800	4,585	(10,215)
Interest	7,500	7,500	19,126	11,626
Other	275	275	10,948	10,673
	<u>479,999</u>	<u>479,999</u>	<u>536,433</u>	<u>56,434</u>
Total revenues				
Expenditures:				
Current:				
General government:				
Legislative	5,122	7,122	5,138	(1,984)
Supervisor	7,858	7,858	7,358	(500)
Clerk	23,108	23,708	21,622	(2,086)
Board of review	2,400	2,400	1,242	(1,158)
Treasurer	28,107	28,107	18,399	(9,708)
Assessor	23,093	23,343	21,489	(1,854)
Elections	4,839	4,839	2,549	(2,290)
Building and grounds	12,000	12,000	9,773	(2,227)
Legal	7,100	9,600	8,412	(1,188)
Cemetery	9,808	9,808	5,660	(4,148)
Unallocated	3,500	4,200	4,634	434
	<u>126,935</u>	<u>132,985</u>	<u>106,276</u>	<u>(26,709)</u>
Total general government				
Public Safety:				
Fire protection	44,500	44,500	36,360	(8,140)
	<u>44,500</u>	<u>44,500</u>	<u>36,360</u>	<u>(8,140)</u>
Public works:				
Road maintenance and repair	272,685	272,685	2,308	(270,377)
Street lights	1,700	1,700	1,330	(370)
Spring clean up	25,000	56,000	55,072	(928)
	<u>299,385</u>	<u>330,385</u>	<u>58,710</u>	<u>(271,675)</u>
Total public works				
Health and welfare:				
Ambulance service	11,000	11,000	9,974	(1,026)
	<u>11,000</u>	<u>11,000</u>	<u>9,974</u>	<u>(1,026)</u>

HAYES TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
(Continued)
Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Community and Economic Development:				
Ordinance enforcement	26,479	26,479	25,469	(1,010)
Zoning	16,342	16,342	15,111	(1,231)
Total Community and Economic Development	42,821	42,821	40,580	(2,241)
Recreation and cultural	17,500	17,500	23,062	5,562
Unallocated:				
Insurance	8,600	8,600	7,837	(763)
Payroll taxes	8,491	8,491	7,930	(561)
Total Unallocated	17,091	17,091	15,767	(1,324)
Total expenditures	559,232	596,282	290,729	(305,553)
Net change in fund balance	(79,233)	(116,283)	245,704	361,987
Fund balance - beginning of year	462,414	462,414	492,339	29,925
Fund balance - End of Year	\$ 383,181	\$ 346,131	\$ 738,043	\$ 391,912

HAYES TOWNSHIP
Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2006

	<u>Agency Fund</u>
Assets	
Cash	<u>\$ 2,660</u>
Liabilities	
Due to other funds	<u>\$ 2,660</u>

HAYES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services as authorized by its charter: public safety (fire), highways and streets, public improvements, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Hayes Township:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Township and included in the Township's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Township has no component units.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as governmental.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS - CONTINUED

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which includes charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of the fund financial statement is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental type category. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental fund of the Township:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS — FUND FINANCIAL STATEMENTS – CONTINUED

Fiduciary Fund

Fiduciary funds are used to account for assets held by the Township in a trustee or agent capacity. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds use the accrual basis of accounting which reports only assets and liabilities. The following is a description of the fiduciary fund maintained by the Township.

Agency Fund – The Agency Fund accounts for the collection and payments of property tax levies.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

The agency fund is accounted for using the full accrual basis of accounting. The Township's agency fund records liabilities when property taxes are received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Inter-fund Receivables/Payables

Outstanding balances between funds are reported as "due to/from" other funds on the balance sheet of the fund financial statements and as "internal balances" on the Statement of Net Assets of the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and equipment are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are recorded by the Township when the initial individual costs are equal to or greater than the following amounts:

<u>Asset Type</u>	<u>Amount</u>
Land	\$ 1
Land improvements	1,000
Buildings	1,000
Building improvements	1,000
Equipment	1,000

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 years
Buildings	40 years
Building improvements	20 years
Equipment	5-20 years

Additionally, depreciation on capital assets begins in the year after acquisition.

Fund Equity

In the fund financial statements, governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the operating fund of the Township except for the agency fund. Budgetary control is legally maintained at the fund level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The budget for the General Fund is adopted at the total fund level. Budgeted amounts are as originally adopted, or as amended by the Township Board during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township is required under Public Act 621 to adopt a budget for the General Fund. The Township did not incur an excess of expenditures over appropriations for the General Fund.

NOTE 3: CASH DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2006, the carrying amount of the Township deposits, including the fiduciary fund, was \$725,693 and the bank balance was \$731,514. Of the above balance in cash, \$442,846 was covered by federal depository insurance. The Township may experience significant fluctuations in deposit balances throughout the year.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 4: PROPERTY TAX

Property taxes attach as an enforceable lien on property as of December 1. Taxes are levied in December and are payable from December through February 14. The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units' taxes and remittance of them to the units are accounted for in the Agency Fund. Property tax revenues are recognized in the year for which they are levied.

The Township is permitted by state law, subject to State Headlee and Truth in Taxation provisions, to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services and up to \$1.00 per \$1,000 assessed valuation for road repair and maintenance that was authorized by Township residents for the years 2001 - 2005.

The tax rates for the year ended June 30, 2006 are as follows:

<u>Purpose</u>	<u>Rate/Assessed Valuation</u>
General government service	\$.9883 per \$1,000
Road repairs and maintenance	\$.9020 per \$1,000

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The inter-fund balances within the primary government are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 2,660	\$ -
Fiduciary Fund	-	2,660
	<u>\$ 2,660</u>	<u>\$ 2,660</u>

The inter-fund balances are for \$2,500 loaned to the fiduciary fund to keep its checking account open and is not expected to be paid back within one year. The remaining \$160 is for interest due on property taxes.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6: CAPITAL ASSETS

Capital asset activity of the Township's primary government for the current year was as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 25,601	\$ -	\$ -	\$ 25,601
Capital assets being depreciated:				
Land improvements	49,221	-	-	49,221
Buildings	147,542	-	-	147,542
Building improvements	9,685	-	-	9,685
Equipment	45,857	8,352	-	54,209
Subtotal	252,305	8,352	-	260,657
Less accumulated depreciation:				
Land improvements	15,646	2,370	-	18,016
Buildings	73,479	3,689	-	77,168
Building improvements	484	484	-	968
Equipment	23,876	4,555	-	28,431
Subtotal	113,485	11,098	-	124,583
Net capital assets being depreciated:	138,820	(2,746)	-	136,074
Governmental activities net capital assets	\$ 164,421	\$ (2,746)	\$ -	\$ 161,675

Depreciation expense was unallocated between functions in the statement of net assets.

NOTE 7: RISK MANAGEMENT

The Township belongs to the Michigan Municipal Liability and Property Pool, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$500,000 for each insured event.